

Speech by Mr James Lau, JP
Secretary for Financial Services and the Treasury

Alice, distinguished guests, speakers from overseas and from Hong Kong, ladies and gentlemen,

1. Good afternoon. I am delighted to join you all today, though briefly, to share my thoughts on the eMPF Platform and a new digital era for MPF.
2. Globally, an effective pension framework ensures that individuals within the working population can build a pension pot sufficient to maintain their livelihood and, better still, their lifestyle throughout their retirement years.
3. Our MPF System in Hong Kong provides basic retirement protection for employees through mandatory savings. This is in line with the requirements of the second pillar of the World Bank's retirement protection framework.
4. Since the implementation of the MPF System in 2000, the Government and the MPFA have introduced improvement measures from time to time to refine and reform the MPF System.
5. While our current MPF System has a wide coverage of our working population and a high level of transparency, there have been views in society that the administrative work of the MPF System is somewhat scattered and complicated, and that the large number of paper-based transactions leads to high administrative costs. This would in turn affect members' returns on their investments in their MPF savings.
6. In view of this, the Government has tasked the MPFA to develop the eMPF Platform to standardize, streamline and automate the administrative procedures of the MPF schemes. This will improve operational efficiency, reduce administration cost, and enhance user experience and member engagement.
7. For the broader financial services sector, banks, insurance companies and wealth management firms have already leveraged on new technologies to overhaul their business models and deliver 24/7 services to customers. This is important not just because many clients rely heavily on their smart phones but also for serving them wherever they are and in all time zones.
8. In the banking industry, we have entered a new era of smart banking and virtual banking. And many traditional insurance companies are making substantial investments in InsurTech. In wealth management, we have seen the advent of WealthTech with all kinds of new tools and services such as robo-advisers and e-distribution platforms for funds.
9. As for the MPF industry, Fintech will surely also catapult the entire industry into a new age of open architecture and enhanced operational efficiency. It is critical for the industry to fully appreciate the overall benefits brought about by digital

transformation. Indeed, the adoption of Fintech and the concept of “digital first” would outweigh the short term concerns on the technology costs required to transform current business operations and offer more customer-oriented services in this digital generation.

10. This is why the eMPF Platform is not just an IT project. It is also a change management project which involves a reshaping of the MPF ecosystem. The eMPF Platform will help to level the playing field for all industry players and encourage market competition by rationalizing administration processes and reducing overhead costs. The Platform will also bring about a new MPF user experience as it delivers simpler, user-centric and readily accessible services.
11. We should also note that we are not starting with a clean slate for the eMPF because we must take into account the existing administrative systems of 14 trustees. Detailed planning and collaboration will be necessary to ensure that customer services rendered by trustees will not be disrupted by the processes of data migration, standardization and cleansing.
12. Ladies and gentlemen, the introduction of eMPF will represent the single largest reform of Hong Kong’s pension framework since the introduction of the MPF System. I would like to call on your continued support and partnership in delivering the eMPF Platform. The Government is in fact investing over HK\$3 billion in this System so let’s keep working together to make the MPF System a retirement savings system that is valued by the people of Hong Kong and by the industry as well. Thank you very much.